

DETACHMENT 35

SUBJECT: Project Lancaster

XOR-1019
Ref: (none-initial report)
Project: Lancaster
Date: 15 Feb 1951

OPERATIONAL REPORT

1. At 2045 hours, 8 February 1951, 35124 arrived at the Salzburg apartment of 1115 to hold a weekly meeting. Present at this meeting, in addition to 1115, were 1116 and BRIX Leonard (Dr.), brother-in-law of 1115 and secretary of Subject project.
2. At the beginning of the meeting 1115 explained that the reorganization of Subject project is still under way and that he is currently attempting to recruit two persons who could be used as cutouts in the Soviet Zone of Austria. He stated that according to instructions received he has discontinued the collection of information concerning Hungary and Jugoslavia.
3. Informant 1115 disclosed that the information dealing with Austrian political and economic affairs is mostly collected by 1116. He further disclosed that 1116 maintains direct contact with RUZAN Walter and RIEDEL Friedhof in order to penetrate the National Liga (Slavik Group) in Salzburg.
4. 1115 when questioned on the possibility of KPOs penetration replied that 1116 maintained contact with 1117, a KPOe functionary in Salzburg; however, that 1117 had to be dropped for security reasons and currently no other penetration of the Communist Party exists except that of the contact with RIEDEL Friedhof with GRIMMS Wilhelm and JANCZEK Franz, editors of the Salzburger Tagblatt. (The information and results of the contact of 1116 with RIEDEL will be forwarded in a separate report.)
5. 1115 was then questioned concerning the position of KRAUTZBERGER Franz and his status in Subject project. 1115 stated that KRAUTZBERGER, an old acquaintance of his, assisted him in organizing the project and also recruited the main control operative of Project York, 1136 and KLAMPFER Josef (Cepp) of Graz/Liebhens am Gruenen Anger 117, who acted as cutout and letter drop for Project Ft Worth and later for Project Lancaster. KLAMPFER, according to 1115, was a non-commissioned officer in the Brandenburg Division and served with KRAUTZBERGER during World War II. 1115 was not able to give a plausible explanation for his failure to report the names of KRAUTZBERGER and KLAMPFER to his former US control agent and only reluctantly submitted the above information after he was confronted with the fact that 35124 knew of his connections with the two persons. 1115 disclosed that KRAUTZBERGER is planning to move to Salzburg in the near future and to assist him in Subject project.

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The meeting was adjourned at 0100 hours, 9 February 1951 and 1115 was instructed to forward an outline of capabilities and personnel involved as well as expenditures needed for continuance of the Project.

COMMENTS

7. It was noted that 1115 has apparently lost some (proportionate amount ?) of his interest since his monthly allocation was reduced from \$850 to \$250, and it is believed that 1115 is planning to direct the flow of information from Salzburg to Vienna where he apparently believes the information will be received with more appreciation and proportionate financial remuneration. It is believed that 1115, or one of his associates, will continue to collect information on Hungary and Yugoslavia and then attempt to sell this information to interested agencies, or perhaps by using another front man to approach 430th CIC Sub-Detachment "C" with a new proposition.

8. 35124 is not of the opinion that 1115 is an Austrian intelligence operator with the specific task of penetrating US intelligence. It is, however, very likely that 1116 is an Austrian intelligence operator with excellent contacts with the Austrian OeVP controlled intelligence service. 1115 appears to 35124 as being a person with a good "line" and a smooth talker who should not be taken too seriously.

9. At this time it should be noted that most of the information collected on Austria is obtained by 1115 and 1116 from RIEDL Friedhof, GRIMM Wilhelm, KOSTERSCHNIG Hans and other highly suspect and well known intelligence operators. It is further noted that identical information was obtained through other registered informants, i.e., the Salzburg Security Director's office and Informant 2015.

10. It is the opinion of 35124 that Subject project has thus far not produced satisfactory quantity and/or quality of information to justify a monthly payment of \$250. However, the continuance of Subject project is recommended only if further contact with 1115 and 1116 can assist in evaluating Project York, or if it is deemed advisable that 1115 be maintained in order to develop him as a possible long range contact. It is believed that informants 1115 and 1116 of Subject project could, if closely controlled, be of some value and could be used and developed as a contact to OeVP and high church circles, as well as to cover the Soviet Zone of Austria.

11. Inasmuch as Subject project was not paid for the month of February it is recommended that 35124 be immediately advised if continuance of Subject project is desired and if payments for the month of February should be made.

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